

# **EXHIBIT 17**

## Note 7 - Commitments and Contingencies

As a result of the settlement agreement entered into in September 2006 between the Company and affiliated parties and Scores Entertainment Inc. ("SEI") and Irving Bilzinsky ("Bilzinsky") the Company is obligated to pay Bilzinsky, as sole shareholder of SEI, \$175,000 in 18 monthly installments, which commenced on September 24, 2006, of \$9,375 for each of the first 8 months and \$10,000 for each of the remaining 10 months. This amount is included in notes payable.

During the year the Company entered into a one year lease agreement with D. Ciarello to occupy office space in Ft. Lauderdale, FL. The lease approximates to 700 square feet of office space at \$1,000 per month. The Company has an option to renew the lease within 60 days of the June 15, 2008 expiration date.

On October 9, 2007, former Go West bartender Siri Diaz filed a purported class action and collective action on behalf of all tipped employees against the Company and other defendants alleging violations of federal and state wage/hour laws (Siri Diaz et al. v. Scores Holding Company, Inc.; Go West Entertainment, Inc. a/k/a Scores West Side; and Scores Entertainment, Inc., a/k/a Scores East Side, Case No. 07 Civ. 8718 (Southern District of New York, Judge Richard M. Berman)). On November 6, 2007, plaintiffs served an amended purported class action and collective action complaint, naming dancers and servers as additional plaintiffs and alleging the same violations of federal and state wage/hour laws. The Company's response to the amended complaint is due December 21, 2007. The amended complaint alleges that the Company and the other defendants are "an integrated enterprise" and that the Company and the other defendants jointly employ the plaintiffs, subjecting all of the defendants to liability for the alleged wage/hour violations. The Company disputes that it is an employer of the plaintiffs and intends to vigorously contest the claimed liability as well as the violations alleged.

On March 30, 2007, the Company, along with several of its affiliates, were named in a suit in connection with alleged assault by an employee of an affiliate and one of the Company's stockholders and former directors. The Company intends to vigorously defend itself in this litigation and does not expect that the outcome will be material.

In February 2007, the City of New York (the "City") sought to close Scores West claiming that it presented a public nuisance. The City alleged that this nightclub was used for purposes of prostitution; the case has been dismissed by the City of New York and no charges had been sought against Scores West or the Company. In March, 2007, the New York State Liquor Authority began a review of the license held by Scores West. The proceedings have been adjourned until November 2007. If Scores West were to be closed, the Company would no longer be entitled to receive royalty revenues from them, which in 2006, amounted to 31% of the Company's royalties. Also, if Scores West were to close, its ability to make payments under an outstanding note issued to the Company by Scores West would be impaired. The note is currently in default.